

1 _____ BILL NO. _____

2 INTRODUCED BY _____
3 (Primary Sponsor)

4 A BILL FOR AN ACT ENTITLED: "AN ACT CREATING AN INTEREST RATE BUYDOWN PROGRAM FOR
5 LOANS MADE BY PRIVATE FINANCIAL INSTITUTIONS IN PARTICIPATION WITH THE BOARD OF
6 INVESTMENTS; CREATING AN INTEREST RATE BUYDOWN FUND ADMINISTERED BY THE BOARD OF
7 INVESTMENTS; PROVIDING FOR A STATUTORY APPROPRIATION; AMENDING SECTIONS 17-6-324 AND
8 17-7-502, MCA; AND PROVIDING AN EFFECTIVE DATE."

9
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11

12 NEW SECTION. **Section 1. Fund -- interest rate buydown.** (1) There is a fund for the purpose of
13 buying down interest rates on loans made by a private financial institution in participation with the board
14 pursuant to 17-6-317. The fund is statutorily appropriated, as provided in 17-7-502, for the purpose of
15 [section 2] and this subsection.

16 (2) The amount of \$1 million from the general fund is transferred to the fund provided for in
17 subsection (1) to be administered by the board for the purposes described in [section 2].

18

19 NEW SECTION. **Section 2. Fund -- eligible uses.** (1) Money in the fund must be used to participate
20 in an interest rate buydown program on a loan made pursuant to 17-6-317.

21 (2) The fund may not be used to refinance the existing debt or for the relocation of a business
22 within the state.

23 (3) The community shall determine the amount of the interest rate buydown and apply to the
24 board for participation in assisting the community. Revenue for the community's portion of the interest
25 rate buydown may come from local economic development corporations, contributions, community funds,
26 future dedicated tax revenue, or any other community source.

27 (4) The participation of the board in the interest rate buydown must be determined based on
28 economic conditions in the community where the business is located.

29 (5) The maximum amount from the fund in the interest rate buydown may not exceed \$100,000
30 a loan. The fund participation must be limited to the amount required to buy down the interest to 500

1 basis points below the national prime interest rate.

2 (6) The board's participation in an interest rate buydown program may not exceed 80% or be less
3 than 50% of the total loans.

4 (7) If the loan is approved by a private financial institution and there is evidence of the
5 community's commitment and ability to fund the community's portion of the interest rate buydown, the
6 board shall participate in the interest rate buydown.

7 (8) The board shall adopt rules to implement the provisions of [sections 1 and 2].

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9 **Section 3.** Section 17-6-324, MCA, is amended to read:

10 **"17-6-324. Rulemaking authority.** (1) The board may adopt rules to implement the provisions of
11 ~~this part and 17-6-211(2) and this part.~~ Rules adopted by the board may include:

12 (a) definitions of small- and medium-sized businesses;

13 (b) a method of committing funds to financial institutions, including guidelines for lead private
14 financial institutions if a consortium of private financial institutions is participating in a loan made pursuant
15 to 17-6-317;

16 (c) guidelines for graduation clauses for refinancing and early payment of loans made pursuant to
17 17-6-317;

18 (d) guidelines necessary to administer an interest rate buydown program for loans made in
19 participation with private financial institutions pursuant to [sections 1 and 2];

20 ~~(d)(e)~~ types of service fees; and

21 ~~(e)(f)~~ types of investments to be made.

22 (2) The board may also adopt procedural rules to govern its proceedings."

23

24 **Section 4.** Section 17-7-502, MCA, is amended to read:

25 **"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory
26 appropriation is an appropriation made by permanent law that authorizes spending by a state agency
27 without the need for a biennial legislative appropriation or budget amendment.

28 (2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply
29 with both of the following provisions:

30 (a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations: 2-17-105; 3-5-901; 5-13-403; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-4-301; 15-1-111; 15-23-706; 15-31-702; 15-34-115; 15-35-108; 15-36-324; 15-37-117; 15-38-202; 15-65-121; 15-70-101; 16-1-404; 16-1-406; 16-1-411; 17-3-106; 17-3-212; 17-3-222; 17-6-101; [section 1]; 17-7-304; 18-11-112; 19-3-319; 19-6-709; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305; 19-19-506; 19-20-604; 20-8-107; 20-26-1503; 22-3-1004; 23-5-136; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-631; 23-7-301; 23-7-402; 37-43-204; 37-51-501; 39-71-503; 42-2-105; 44-12-206; 44-13-102; 50-4-623; 53-6-703; 53-24-206; 67-3-205; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 77-1-505; 80-2-222; 80-4-416; 80-11-518; 81-5-111; 82-11-161; 87-1-513; 90-3-1003; 90-6-710; and 90-9-306.

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory appropriation authority for the payments. (In subsection (3): pursuant to sec. 7, Ch. 567, L. 1991, the inclusion of 19-6-709 terminates upon death of last recipient eligible for supplemental benefit; pursuant to Ch. 422, L. 1997, the inclusion of 15-1-111 terminates on July 1, 2008, which is the date that section is repealed; pursuant to sec. 10, Ch. 360, L. 1999, the inclusion of 19-20-604 terminates when the amortization period for the teachers' retirement system's unfunded liability is 10 years or less; pursuant to sec. 4, Ch. 497, L. 1999, the inclusion of 15-38-202 terminates July 1, 2014; and pursuant to sec. 10(2), Ch. 10, Sp. L. May 2000, the inclusion of 15-35-108 and 90-6-710 terminates June 30, 2005.)"

NEW SECTION. Section 5. Codification instruction. [Sections 1 and 2] are intended to be codified as an integral part of Title 17, chapter 6, part 3, and the provisions of Title 17, chapter 6, part 3, apply to [sections 1 and 2].

NEW SECTION. Section 6. Effective date. [This act] is effective July 1, 2001.

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